

Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 H-01
SS-15 NSC-05 /052 R

DRAFTED BY EB/OA/AVP:GGRIFFITHS:SP

APPROVED BY EB/OA:MHSTYLES

EB/OA/AVP:AJWHITE

ARA/ECP/ITE:DTAHER

ARA/CAR:FTUMMINA

CAB/BIA:AFISCH

CAB/BIA:CCOLDREN

-----082271 270407Z /16

P 262254Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY BRIDGETOWN PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, BB

SUBJECT: AMERICAN AIRLINES FARE INCREASE

REF: A) BRIDGETOWN 1999 B) BRIDGETOWN 2010

1. ARCHER CORRECT THAT PARA 8(B) OF MOU REQUIRES PRIOR APPROVAL BY BARBADOS ATLA BEFORE AA CAN ALTER FARES. HOWEVER, AA VICE PRESIDENT COLLINS ALSO CORRECT IN CITING DIFFICULTIES THAT PRICE ROLLBACK WOULD CREATE FOR RATE STRUCTURE ELSEWHERE IN CARIBBEAN.

2. BACKGROUND TO CURRENT AA RATE IS AS FOLLOWS: AIRLINES SERVING THE CARIBBEAN REACHED AGREEMENT IN IATA FOR RATE

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ADJUSTMENTS AND THIS IATA AGREEMENT WAS SUBMITTED TO CAB FOR APPROVAL. THE BOARD, HOWEVER, DISAPPROVED THE AGREEMENT. THE AIRLINES THEN FILED TARIFFS INDIVIDUALLY WITH THE BOARD WHICH WERE RESPONSIVE TO THE BOARD'S OBJECTIONS TO THE IATA AGREEMENT AND THE BOARD APPROVED THESE TARIFF FILINGS. THE POINT TO EMPHASIZE IS THAT THESE TARIFFS CANNOT BE CONSIDERED IN ISOLATION; A CHANGE IN ONE WOULD

AFFECT RATE STRUCTURES ELSEWHERE IN THE CARIBBEAN. A

UNILATERAL FARE REDUCTION BY AA DEMANDED BY THE BARBADIANS
WOULD UNDOUBTEDLY TRIGGER SIMILAR RESPONSES ELSEWHERE,
AND COULD VERY LIKELY RESULT IN ANOTHER ROUND OF BEGGER-
THY NEIGHBOR TYPE FARE REDUCTIONS IN THE CARIBBEAN.

3. AS CONSEQUENCE THESE PRACTICAL PROBLEMS, EMBASSY
SHOULD USE ITS GOOD OFFICES TO REQUEST BARBadian AUTHORI-
TIES TO PERMIT AA TO CONTINUE OFFER CURRENT FARES IN US
PENDING PROMPT AA SUBMISSION OF COST JUSTIFICATION DATA
AND BARBadian EVALUATION OF THAT JUSTIFICATION. THE CAB
BELIEVES THAT THE AA JUSTIFICATION IS SOUND.

4. IF AA JUSTIFICATION FOR FARE INCREASE NOT ACCEPTED
BY ATLA AND BARBADIANS CONTINUE TO DEMAND AA STOP CHARGING
HIGHER FARES, THEN USG WOULD WISH CONSULT WITH GOB TO
ATTEMPT RESOLVE MATTER. CHRISTOPHER

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRLINES, AIR FARES
Control Number: n/a
Copy: SINGLE
Sent Date: 26-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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ISecure: 1
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Litigation Codes:
Litigation History:
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TAGS: EAIR, BB, US, AMERICAN AIRLINES
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